



210 N. Park Ave.
P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613

November 12, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

RE: CC Docket No. 92-77

RECEIVED
NOV 13 1996
FCC MAIL ROOM

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Enclosed for filing are the original and nine (9) copies of the Comments of U.S. Osiris Corporation in CC Docket No. 92-77 regarding the Commission's Second Further Notice of Proposed Rulemaking, released October 10, 1996.

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope provided for this purpose.

Questions regarding this filing may be directed to me at (407) 740-8575.

Monique Byrnes
Monique Byrnes
Consultant to U.S. Osiris Corporation

cc: George Lebus, USOC
FCC Contractor, ITS
Enforcement Division, Common Carrier Bureau
Adrien Auger, Common Carrier Bureau - Diskette
file: USOC-FCC

No. of Copies rec'd 049
List ABCDE

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
NOV 13 1996
FCC MAIL ROOM

In the Matter of)
Billed Party Preference for)
0+ Calls)

CC Docket 92-77

COMMENTS OF

U.S. OSIRIS CORPORATION

ON SECOND FURTHER NOTICE OF PROPOSED RULEMAKING

U.S. Osiris Corporation ("USOC") is a privately held Texas-based company providing operator assisted telecommunications services, primarily to the hospitality industry. The Company respectfully submits the following comments on the Commission's Second Further Notice of Proposed Rulemaking ("NPSM") in the captioned proceeding, released October 10, 1996.

INTRODUCTION

The Commission has requested comments on specific issues relating to rate disclosure. USOC specifically responds to two of the questions raised. The company does not provide payphone and inmate services and therefore will not comment on questions relating to those segments.

USOC is very concerned that the Commission appears to be moving in the direction of per call rate disclosure based on the text and tenor of the specific questions raised for comment. The company continues to believe that the appropriate regulatory approach for

operator service providers ("OSPs") should be a requirement that informational tariffs contain exact rates and rate plans. This approach is more in line with the goals of competition put forth by the Commission than the creation and enforcement burden of a national price benchmark. In addition, a national price benchmark along with the requirement for rate disclosure introduces market entry barriers and creates financial burdens on companies currently operating as OSPs.

Furthermore USOC believes that the determination of who must provide oral rate disclosure should not be dependent upon whether or not a company rates calls at or below the benchmark. If oral rate disclosure is adopted it should apply equally to all calls from all carriers. Without such a policy the Commission's action will result in a government-sanctioned class distinction between operator service providers. This would be prejudicial given the Commission's stated belief that the cost structures, make-up and natures of OSPs is different enough to warrant different rates.

Question 1) Are there any industries in which price disclosure to consumers at the point of purchase is not the normal practice? If so, what are those industries and what are the particular circumstances surrounding the developments of those industries?

USOC identifies two industries which operate in a similar manner to the operator services industry: the energy industry (gas, electric and water) and the wireless telecommunications industry.

The energy industry is an industry all consumers are familiar with and one that all consumers utilize. Energy costs are totally unknown to consumers. Consumers are not aware of how their electric, gas, oil or water bill is determined. Most do not understand the measurements used to compute billing let along the rates applied. Although, in the case of electricity, some consumers compare their meter reading to the numbers on their bill this is rare. A similar measurement does not exist for water and those consumer conscientious enough to pursue billing accuracy do not have those tools readily at their disposal.

There is no price disclosure by any energy company prior to signing up for service. Rarely are rates disclosed, although bill inserts on how to reduce energy costs have become an industry standard.

Even in a situation where consumers are made aware of rates the monthly billing may still be a surprise because consumption is not tracked.

The wireless telecommunications industry also provides a good analogy to the current operations of the OSP industry. Although wireless users may know their per minute rates for calls in their home area, rates are totally unknown to those who use roaming services.

Wireless consumers placing calls in their home territory are assured of having their calls carried by their presubscribed long distance company, much like consumers direct dialing from their homes. However, when roaming a consumer has no choice of carrier. That is completely dependant upon the arrangements carriers have made for roaming call completion or for what the carrier want to charge. We know of several carriers that charge rates higher than the dominant carrier's DDD rates.

In fact, consumers of wireless services currently are at a disadvantage. Consumers using telephones from aggregator locations have the option to dial-around. Wireless consumers do not. Aggregators are required to post consumer protection information, the providers they contract with are required to file state and interstate tariffs (in the case of operator services). Consumers are encouraged through posting to request rate information and are told how to obtain customer assistance. Wireless providers are not required to support their service in the same manner.

The wireless industry, a relatively new industry, is considered competitive and thus has limited regulation at the state and interstate level. The operator services industry, an industry which has been around longer, and has many more competitors; and which many more consumers have daily access to, seems to continue to be considered under-regulated.

Questions 5) If some or all of embedded base equipment and software are incapable of providing audible notice to consumers for on-demand call rating, what time period would be reasonable for substituting equipment and software that is capable of doing so?

This question assumes that all operator assisted services are delivered in the same manner. Such is not the case.

The operator services industry is competitive and diverse. There are several methods of providing the service. The costs to develop and install equipment and software for on-demand call rating vary by provisioning method, age of current equipment and market segment served.

USOC provides operator assisted services over resold facilities to approximately 1000 hospitality properties in a decentralized manner. USOC provides its customers with micro-processor based equipment that handles both routing and screening of operator

assisted calls to USOC. The equipment routes direct dialed calls or direct billed calls (through a proprietary calling card) to another carrier of choice.

The company's embedded base equipment at hotel locations is not capable of providing rates on a real-time basis. Customers are provided with the capability to speak with an operator who can provide that information. In order to implement real-time rate quotes on all calls, site equipment would have to be replaced - or the provisioning method would have to be changed completely - so that calls are routed to a central location where a database could be used to retrieve the rating information.

Actually, USOC began providing service through a centralized system and found it most cost-effective to decentralize.

As stated in previous comments, call set-up time will be impacted well. USOC estimates an additional twenty-thirty (20-30) seconds will be required for rate disclosure. Each call will need to go through a two step process prior to routing. First the jurisdiction of each call will need to be determined. Second those calls determined to be interstate will need to be routed to a rating database. Providing this rating database in a decentralized format will be cost-prohibitive. Therefore, all interstate calls will need to be routed to a central source.

The biggest complaint of the future will be the delay and mandatory

rating information. For consumers who will not require that information, the biggest customer service inquiry of the future will be information on how to bypass rate disclosure.

Questions 7) What effects, if any, will the recent Report and Order in In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

OSPs serving the payphone and inmate phone market segments are separate and distinct from those which serve the hospitality industry. Such differences are significant enough to warrant separate treatment.

Despite the fact that guest phones in hotels and motels experience very high rates of dial-around traffic, they are not in the eligibility pool for payphone compensation.

The hospitality industry has spent millions of dollars to upgrade hotel phone systems. Many have guest room voice mail and other features. Hotels have based their expenditures on expected commissions. It is delusional to assume that OSPs set rate independent of the properties served. To the contrary, OSPs work jointly with each property owner to determine the best mix of rates


balancing the property owners assumptions on its customers willingness to pay and the commissions the property owner wishes to receive, with the OSPs knowledge of competitive rates for other properties.

Over the last three years, downward pressure has been brought to bear on hospitality rates. USOC rates are lower today on average than they were three years ago. A rate benchmark proposal which treats all OSPs, and as a result all OSP customers, alike does the industry and its constituents a grave injustice.

Lastly, USOC cautions the Commission into believing that payphone compensation is adequate enough to cover the costs of rate disclosure. Unless rate disclosure is limited to payphones, the Commission is placing an undue burden on other aggregator locations.

U.S. Osiris Corporation respectfully submits these comments on Billed Party Preference,
Second Further Notice of Proposed Rulemaking.

November 13, 1996



George F. Lebus
CEO/President
U.S. Osiris Corporation
8828 Stemmons Frwy., Ste. 212
Dallas, Texas 75247